

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 6254**

**BILL NUMBER:** SB 562

**NOTE PREPARED:** Jan 17, 2009

**BILL AMENDED:**

**SUBJECT:** Divestment from States That Sponsor Terror.

**FIRST AUTHOR:** Sen. Alting

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** ☒ **GENERAL**  
☒ **DEDICATED**  
**FEDERAL**

**IMPACT:** State

**Summary of Legislation:** This bill: (1) requires the Public Employees' Retirement Fund (PERF) and the state Teachers' Retirement Fund (TRF), in the capacity of shareholders, to contact companies with certain business activities in states that sponsor terror and request that the companies cease those business activities; (2) prohibits PERF and TRF from investing in companies that are unresponsive to the requests; (3) requires PERF and TRF to sell or transfer any investments in a company that is unresponsive to the requests; and (4) requires PERF and TRF to report to the General Assembly any investments with a company with business operations in states that sponsor terror.

**Effective Date:** July 1, 2009.

**Explanation of State Expenditures:** Both the TRF and PERF have estimated their costs associated with the implementation of this proposal. The TRF has estimated their annual cost at \$1.5 M. PERF has estimated its initial out-of-pocket costs for divestiture at \$1.4 M.

(4) Requiring PERF and TRF to report to the General Assembly on certain investments can be accomplished within the existing level of resources for both PERF and TRF.

**Explanation of State Revenues:** This bill could affect fund revenues to the extent that PERF and TRF sell investments in companies that have business activities in Sudan at a different price than they would have sold them otherwise. Fund revenues could also be affected if PERF or TRF reinvest the money taken out of states that sponsor terror, and the reinvestments bring in more or less revenue than was yielded by the states that sponsor terror investments. The amount of this possible effect is indeterminable.

*Background Information:* The PERF Board of Trustees has adopted Resolution No. 12, Addendum to Indiana Public Employees' Retirement Fund Restatement of Investment Policy for Evaluating Investment in Terror States. A copy of this resolution is available in the Office of Fiscal and Management Analysis.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** PERF; TRF.

**Local Agencies Affected:**

**Information Sources:** Terry Magid, Executive Director of PERF, 317-234-4375; Steve Barley, Chief Operating Officer of PERF, 317-233-4184; Steve Russo, Executive Director of TRF, 317-232-3864.

**Fiscal Analyst:** James Sperlik, 317-232-9866.